

# The New "RIVIERA" ... What It Means To Us



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**F**REEPOT, Grand Bahama Island — It won't be long now before the tranquility of this tropical isle just 90 miles from Miami is shattered by rolling dice and spinning roulette wheels.

On Jan. 21, 1964, the \$10 million Lucayan Beach Hotel, with a gambling casino tucked neatly into its lavish interior, will officially open to initiate a brand new phase of South Florida-Bahamas tourist development.

Blackboard the Pirate, in the days when he used Grand Bahama as his home base, never created such excitement.

Announcement last June that "government" had granted Grand Bahama Development Co. Ltd. approval to operate gambling casinos has set off talk of a business boom that could be unparalleled in the history of the islands.

Everybody's rushing to get into the act . . . to ride the coattails of legalized gambling parlors to fame and fortune.

Rumors fly daily . . . two, three more hotels will be built . . . new industry is being signed on the dotted line . . . there'll be three, maybe four new casinos before the end of 1964.

The truth, plain and simple, is that gambling will give impetus to already budding tourist and industrial expansion here — but won't create the massive boom some are talking about.

At least not immediately. Even the promoters, the entrepreneurs of Freeport, say this is so. They talk in terms of long-term growth, with an eye toward four and five-year development rather than any immediate financial gains.

And they insist that gambling, rather than being a con-cession, will be but one cog in the wheel that already is spinning to make Freeport an important offshore industrial and tourist hub.

The facts are these:

- Freeport got its start from tax advantages — and not gambling — that were the byproduct of American industrialist Wallace Groves, who is the city's prime mover.

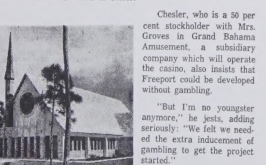
- Industrial expansion was kicked off almost two years ago, when Universal Atlas, a subsidiary of U.S. Steel, decided to build a \$60 million cement plant on the island.
- Gulf Oil's bunkering terminal, now four years old, has become the world's third largest pumping station for ships and the largest in the Western Hemisphere.

- Lucayan Beach was on the drawing boards well over a year ago, long before its builders applied for — and received — permission to include a casino in the spectacular layout.

Nevertheless, officials of Grand Bahama Development acknowledge that gambling should light the spark that even tremendous tax benefits have not been able to ignite at Freeport.

Says Louis Chesler, president of the developing firm, a Canadian financier who helped get Florida's General Development Corp. off the ground, is its largest stockholder:

"Gambling is important any place in the world; it is an extra inducement for Freeport, just as it would be elsewhere. Take horse and dog racing and jai alai away from Florida and tourism would be bound to suffer."



Chesler, who is a 50 per cent stockholder with Mrs. Groves in Bahama Amusement, a subsidiary company which will operate the casino, also insists that Freeport could be developed without gambling.

"But I'm no youngster anymore," he jests, adding seriously: "We felt we needed the extra inducement of gambling to get the project started."

It is also a fact that despite U. S. Steel's decision to build, and the bunkering station success, industrial expansion has not gotten started as Freeport's developers had hoped.

And it wasn't until gambling got the green light that Freeport's developers were besieged with a flood of applications for hotel sites on the 40-mile long island.

James E. Maher, executive vice president of the company, says that in the last few months "better than \$2 million worth of land has been sold for residential development with little if any promotion."

Yet, Freeport's developers are playing it cool as to how quickly the island's development will take place.

**Scheduled opening in January of a gambling casino and luxury hotel on Grand Bahama Island has South Florida tourists in a spin. What is the actual extent of the development? Will it help . . . or hinder . . . Gold Coast tourism? How many hotels . . . and how many casinos . . . will be built? What's the extent of air service to Freeport? What about industrial expansion because of tax benefits? To find the answers and these countless other questions, The Miami News sent Larry Berger, its business editor, to Freeport to search for answers. Here's his report.**

Fearful that over-expansion could be just as dangerous to Freeport as it has been to Miami Beach and Puerto Rico, they have placed a lid on the number of new hotel rooms to be built in the immediate future.

"For the present time, we have set an arbitrary limit of 2,000 rooms," explains Maher. "That way, everyone stays healthy."

And, though the thinking is that these rooms will be built and ready for occupancy by the start of the next winter season, this is not accurate, according to Maher.

"Start of the 1965-66 tourist season is more like it," he insists. "By the time they get their plans off the drawing board — and are ready to build — it will be much too late for 1964-65 in my estimation."

The same goes for casinos. Though the talk is three or four within the next few years, Maher and Chesler say that one — the Lucayan Beach — will be all that will be running until the next set of hotels is up.

Thus far, Holiday Inns of America Inc. is the only group to announce plans for construction of a hotel as a companion to Lucayan Beach. It will be of 500-room size.

That would give Freeport close to 1,000 rooms, since Lucayan Beach, when fully completed in February, will have in excess of 400 rooms.

Maher confirms that serious negotiations are under way with two other groups about building major hotels — one from the Kansas-Oklahoma area, the other from Canada.

But the grey-haired executive, who came to GBDC by way of Chicago's Oakbrook, one of America's largest land developments, notes that "at least 30 different groups" are negotiating for sites . . . hotels, motels, office buildings, private clubs.

"You name them, we're talking to them," he says.

As for casinos, Maher and Chesler insist that no new ones are planned "at the present time." But after the new hotels get rolling, it undoubtedly will be a different story.

The fact is that casino construction, as covered by the Certificate of Exemption given the Chesler-Groves combine, requires specifically that they be built in conjunction with deluxe hotels of not less than 200 rooms.

This means that no new casinos can be built until additional hotels are started . . . and that Freeport apparently won't get its second gambling parlor until 1965-66 at the earliest.

The idea, of course, is for Grand Bahama Development to build up Freeport on all fronts rather than merely putting up casinos helter-skelter to draw tourists for one-night stands.

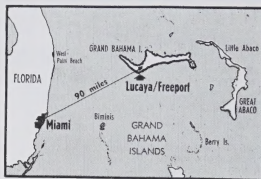
And this fits in with Maher's thinking. "We are primarily a land development company, with 182,000 acres to work with," he says. "Our plan is to develop and sell property for residential, apartment house, commercial and industrial expansion."

Both he and Chesler insist that profits from the gambling will be plowed back into schools, hospitals, recreation centers and anything else that will help Freeport to grow.

Like any other land developer, the company will make its profits — and maintain its cash flow position to develop additional acreage — through sales of property and buildings.



The Main Housing Area At Freeport — The Fancy Mansions Are Along The Water



## The Short Hop To Freeport

The 182,000-acre island was held exclusively by the Grand Bahama Port Authority, headed by Groves.

Chesler's group, which includes stockholders from such notable Canadian corporations as Sevens Arts Ltd. and Laredo Mining Co., came in for a \$9.50 split by putting up \$13 million and agreeing to promote and develop the properties.

Since that time, say Chesler and Maher, the combined group has put up or committed itself to more than \$29 million in additional funds to get the vast project off the ground.

The first return on investment came when the developers sold the Lucayan Beach to Allan Manus, a wealthy young Canadian manufacturer who heads the Molly Corp., billed as the world's largest producer of wall fasteners, for between \$6.5 and \$7 million.

Manus, when asked why he was getting involved — though he has no interest whatsoever in the gambling operation — remarked:

"I have great faith in the future of this island. And I believe the hotel is the plum. This is a tourist paradise and we're in the best position to take advantage of it."

The hotel, as presently constituted, has 266 rooms in two wings overlooking the ocean along one-quarter mile of beachfront on the southern side of Grand Bahama.

At 206 rooms, and a \$7 million deal, this makes the cost of each room about \$35.00 — one of the most expensive hotels ever built.

But Manus isn't stopping there. Already under construction are 150 villas apartments plus a giant marina, all to be ready by mid-February to make Lucayan Beach a complete resort. There's also a first-rate 18-hole golf course, operated by Grand Bahama Development.

The hotel, when completed Dec. 31, will be plush but not gaudy like some South Florida fantasies. And it will be expensive, though its executives say prices will be comparable to the top hotels on Miami Beach.

Rooms for two, European plan, will range from \$42 to \$60 daily. Modified American Plan (two meals daily) will be \$8 more . . . and some deluxe suites will range from \$35 to \$225 daily.

The tastefully-decorated oval gambling room, which will feature only four games — roulette, craps, black jack and chemin

de fer — will be operated by Chesler and Mrs. Groves, as Grand Bahama Amusement Co.

It will rent the room from Manus, and the same procedure will apply in all other casinos that are built on the island, the two to have complete control over them.

In turn, it will be their job to hire and license the croupiers, all of whom are coming from England. In fact, no Bahamians will be allowed to work in the casino or take part in the "action."

In keeping with his "Riviera of the West" theme, Chesler promises a "very high-class operation" with the only profits accruing to the house from the percentage riding with it.

"We'd be fools to do it any other way," he says.

For its part, the Lucayan Beach is anticipating a banner season. Charles Craddock, who gave up a \$50,000-a-year job with the Americana Hotel to take the Lucayan assignment, says the hotel will be full for the opening and most of the winter.

"It looks extremely good," he points out. "Our mail has been heavy and reservations are coming in at a fast pace."

On the basis of surveys made of Las Vegas and Puerto Rican gambling, Craddock and his staff are gearing for exceptionally heavy weekend play — from late Thursday through Sunday — and will also seek conventions to help keep the house full.

Also, at least in its early stages while the casino is a novelty to this area, the hotel anticipates that many visitors will merely come from South Florida for the day or an evening of gambling.

And being sharp hotel operators, Craddock and his crew are arranging to feed and keep its sightseers supplied with plenty of liquid refreshments for additional revenue.

Visitors to Lucayan Beach will be flown in by Mackey Airlines and Bahamas Airways, operating out of Miami, Fort Lauderdale and Palm Beach.

By Dec. 15, there'll be eight flights daily from South Florida . . . and after the hotel opens both carriers vow to put on enough excursions to meet demand.

"It also depends on the pattern of gambling play," explains Charles Rudd, sales manager for Mackey. "We can put on as many as 4,000 seats daily. But we won't get down to scheduling until we determine when the flights are needed."

At the moment, air fare to Freeport from Miami is \$25 round trip. From Fort Lauderdale it's \$25 and from West Palm Beach \$20. However, there is talk of flying passengers over on one-day excursions from Miami for as low as \$20.

Also, the casino is expected to get plenty of customers from the S. S. Anna C., which will make twice-weekly cruises from Port Everglades to Nassau this winter, stopping at Freeport en route.

For their part, Grand Bahama executives deary any claims made as to the name and that Freeport, even with 2,000 hotel rooms and four casinos by 1965-66, could hurt South Florida tourism.

"I don't think it can do anything but help Miami and Fort Lauderdale," Maher insists. "Look at the people who will be staying there and coming over here for a night of gambling. We won't be the major beneficiaries of their vacation."



He adds: "Florida gets 15 million tourists annually. How many of those people will come here? True, Nassau got 700,000 last year, but most of them came here first for a vacation in Florida."

Chesler is even more insistent that Freeport will not injure Florida financially.

"We're not going to be a detriment by bringing visitors here for two or three days. That's merely adding to their vacation in South Florida. And I'd feel that way if we put up 5,000 rooms, which is a drop in the bucket to what Miami Beach and Fort Lauderdale have."

Craddock also points out that virtually all expenditures made at Freeport in its expansion program are for supplies purchased in South Florida.

"And look at the labor that built the hotel and will operate it," he adds. "At least 90 per cent come from the mainland."

Chesler sums up: "I know gambling is a controversial subject. We have taken quite a rap about it. What I wish is that people would wait and see before jumping all over us."

"Sure, we're looking for a fair return on our investment. But the thing about it will help build a lot of schools, churches and hospitals over here. You can't ask for more than that."

